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# West Monroe - West Ouachita Chamber of Commerce, Inc.

Financial Statements  
Year Ended December 31, 2003

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Legislative Auditor

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Release Date 6/5/02

# **West Monroe - West Ouachita Chamber of Commerce, Inc.**

**December 31, 2001**

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**Luffey  
Huffman  
& Monroe**

(a Mississippi accounting Corporation)  
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### **INDEPENDENT AUDITORS' REPORT**

#### **Board of Directors**

**West Monroe - West Ouachita Chamber of Commerce, Inc.**

We have audited the accompanying statement of financial position of the West Monroe - West Ouachita Chamber of Commerce, Inc. (the Chamber) as of December 31, 2001 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Chamber's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. The standards for financial audits contained in *Governments/ Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide* published by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Chamber has kept its records and has prepared its financial statements for previous years on the modified cash basis of accounting. This method differs from generally accepted accounting principles in that the Chamber has not recognized amounts receivable from members or routine trade accounts payable to vendors and others, and their related effects on changes in net assets. As described in Note 2 to the financial statements, the Chamber has adopted the accrual basis of accounting as of the beginning of the current year. The appropriate adjustments have been made to net assets as of December 31, 2000, to reflect this change.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Chamber as of December 31, 2001 and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

**Board of Directors  
West Monroe – West Ouachita  
Chamber of Commerce, Inc.**

In accordance with Government Auditing Standards, we have also issued our report dated April 12, 2002, on our consideration of the Chamber's internal control over financial reporting and our test of compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.



*(A Professional Accounting Corporation)*

**April 12, 2002**

**WEST MONROE - WEST QUACHITA CHAMBER OF COMMERCE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2001**

**ASSETS**

<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 51,514
Accounts Receivable	48,120
Contributions Receivable	21,150
Total Current Assets	<u>120,784</u>
<b>Property, Plant and Equipment</b>	
Land	42,582
Building	170,968
Equipment	43,433
Furniture and Fixtures	32,497
Improvements	28,178
Total Property, Plant and Equipment	<u>317,658</u>
Less: Accumulated Depreciation	<u>(54,242)</u>
Net Property, Plant and Equipment	<u>263,416</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>383,900</u></b>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities</b>	
Accounts Payable	\$ 3,050
Accrued Payroll Taxes	6,489
Deferred Revenues	
Membership Dues	81,891
Current Portion of Capital Lease Obligation	3,878
Total Current Liabilities	<u>95,308</u>
<b>Net Assets - Unrestricted - Undesignated</b>	<b><u>288,592</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>383,900</u></b>

The accompanying notes are an integral part of this statement.

**WEST MONROE - WEST QUACHITA CHAMBER OF COMMERCE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 1993**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Membership Dues	\$ 149,883	\$ -	\$ 149,883
Contributions	1,148	-	1,148
Membership Directory	9,300	-	9,300
Interest Income	1,897	-	1,897
Other Income	1,897	-	1,897
Economic Development	43,832	-	43,832
Education	1,832	-	1,832
Governmental Affairs	1,575	-	1,575
Member Services	16,133	-	16,133
Membership Development	21,594	-	21,594
Fund Raising Activities	18,138	-	18,138
Total	<u>271,682</u>	<u>-</u>	<u>271,682</u>
Net Assets Released From Time Restrictions	<u>80,000</u>	<u>(80,000)</u>	<u>-</u>
Total Support and Revenue	<u>351,682</u>	<u>(80,000)</u>	<u>271,682</u>
<b>EXPENSES</b>			
Program Services			
Economic Development	41,581	-	41,581
Education	11,893	-	11,893
Governmental Affairs	11,201	-	11,201
Member Services	29,686	-	29,686
Supporting Services			
Management and General	117,280	-	117,280
Membership Development	47,884	-	47,884
Fund Raising	16,811	-	16,811
Total Expenses	<u>265,941</u>	<u>-</u>	<u>265,941</u>
Excess of Support and Revenue Over Expenses	22,811	(80,000)	(57,189)
Other Income			
Gain on Sale of Assets	<u>18,241</u>	<u>-</u>	<u>18,241</u>
Increase (Decrease) in Net Assets	42,860	(58,000)	(7,140)
Net Assets At Beginning of Year			
As previously reported	147,601	-	147,601
Adjustment for change in accounting principle (Note 2)	<u>(1,089)</u>	<u>58,000</u>	<u>48,911</u>
Balance at Beginning of Year Restated	<u>146,512</u>	<u>58,000</u>	<u>204,512</u>
NET ASSETS AT END OF YEAR	<u>\$ 189,372</u>	<u>\$ -</u>	<u>\$ 189,372</u>

The accompanying notes are an integral part of this statement.

**WEST MONROE - WEST QUACHITA CHAMBER OF COMMERCE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

<b>Cash flow from Operating Activities:</b>	
Decrease in net assets	\$ (7,940)
<i>Adjustments to reconcile decrease in net assets to net cash provided by operating activities:</i>	
Depreciation	22,834
Increase in accounts receivable	(18,423)
Decrease in contributions receivable	28,890
Decrease in accounts payable	(2,014)
Increase in accrued (payroll) taxes	5,764
Increase in deferred revenue	1,379
Gain on sale of lot	(18,425)
Donated property, plant and equipment	(1,840)
Total Adjustments	<u>31,817</u>
Net cash provided by operating activities	<u>13,877</u>
<b>Cash flow from Investing Activities:</b>	
Proceeds from the sale of assets	20,475
Purchase of equipment	<u>(30,327)</u>
Net cash provided by investing activities	<u>(9,852)</u>
<b>Cash flow from financing activities:</b>	
Payment on notes payable	(58,237)
Payment on capital lease payable	<u>(4,833)</u>
Net cash used by financing activities	<u>(63,100)</u>
Net (decrease) in cash and cash equivalents	(59,869)
Cash and cash equivalents - beginning of year	<u>80,883</u>
Cash and cash equivalents - end of year	\$ <u>21,014</u>
<b>Noncash investing activities:</b>	
Receipt of donated furniture and fixtures	\$ <u>1,148</u>
Interest Paid	\$ <u>2,521</u>

The accompanying notes are an integral part of this statement

**WEST MONROE – WEST OUCHITA CHAMBER OF COMMERCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2001**

**Note 1 – Summary of Significant Accounting Policies**

*A. Organization*

The West Monroe Chamber of Commerce, Inc. was incorporated under the laws of the State of Louisiana in March 1956, for the purpose of providing opportunities conducive to stable economic growth to enhance the quality of life for the citizens of the area. Due to the tremendous population growth throughout west Ouachita Parish, in 1984 the Board of Director's deemed it feasible to change the name to the West Monroe – West Ouachita Chamber of Commerce, Inc. (the Chamber). The Chamber receives dues for membership principally from businesses and individuals located in the City of West Monroe, Louisiana, and western Ouachita Parish.

*B. Basis of Presentation and Accounting*

The accompanying financial statements present activity only for the general operating cash accounts of the Chamber. Accordingly, accounts administered for and on behalf of outside parties are not presented.

The financial statements have been prepared on the accrual basis of accounting and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its *Audit Guide for Not-For-Profit Organizations*.

The financial statements of the Chamber are presented as recommended by the Financial Accounting Standards Board in *Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Chamber is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2001, the Chamber had no temporarily or permanently restricted net assets.

*C. Contributions*

The Chamber has also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are reported as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

*D. Property and Equipment*

The Chamber capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are carried at cost. Donations of property



**WEST MONROE – WEST OUACHITA CHAMBER OF COMMERCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2001**

and equipment are recorded as contributions at their estimated fair value at the date of donation. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets. Estimated useful lives are generally as follows: Buildings, 20 years; Furniture & Fixtures, 7 years; Equipment, 5-7 years; and Building Improvements, 7-10 years. Depreciation expense in 2001 was \$22,834.

**E. Tax Status**

The Chamber has qualified as an organization exempt from federal income taxes pursuant to Section 501(c)(6) of the Internal Revenue Code; therefore, there is no provision for income taxes in the accompanying financial statements.

**F. Net Assets**

Net assets included on the Statement of Financial Position include only those assets considered for use by the Chamber in support of its mission. The Chamber administers the following accounts for and on behalf of outside parties. They are not included in the accompanying financial statement because they are neither owned nor controlled by the Chamber.

Business Scholarship CD	Scholar's Banquet CD
Education Scholarship CD	Scholar's Banquet Checking
	Adopt-A-School Checking

**G. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported revenues and expenses during the relevant period. Actual results could differ from the estimates.

**Note 2 - Change in Accounting Method**

In 2001 the Chamber changed its method of accounting from the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles, to the accrual basis of accounting. This also included the adoption of Statement of Financial Accounting Standards No. 116 and 117. The effect of this change in accounting method was to increase net assets at the beginning of the year in the amount of \$48,351.

**WEST MONROE - WEST QUACHITA CHAMBER OF COMMERCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2001**

**Note 3 - Contributions Receivable**

Contributions receivable represent unconditional promises to give by donors. All contributions are expected to be collected during the next fiscal year and are recorded at their net realizable value. These pledges were restricted to payment of debt incurred for the purchase of the new office building. During 2001 the Chamber received \$28,850 leaving a balance to be received of \$21,193, which has been released from donor restrictions by virtue of the building debt being paid off.

**Note 4 - Deferred Revenues**

The Chamber bills its membership for dues three times per year. Deferred revenue represents amounts billed during the current year for membership dues that are not earned until the following year.

**Note 5 - Employee Benefit Plan**

The Chamber provides a defined contribution retirement plan for eligible employees. To participate in the plan, employees must be at least 21 years of age and have provided one year of service. The Chamber contributes 2% of each participating employee's earnings. Employees may contribute 1% to 10% of their earnings on an after-tax basis. The Chamber contributed \$4,462 to this plan during 2001.

**Note 6 - Capital Lease**

During the year 1999, the Chamber leased a copy machine from Min Copycat America, Inc. under a capital lease. The economic substance of the lease is that the Chamber is financing its acquisition through the lease and, accordingly, it is recorded in the Chamber's assets and liabilities. The leased asset is included in Property, Plant and Equipment at \$14,526.

The lease agreement contains a bargain purchase option at the end of the lease term. Future annual minimum payments required under the lease together with its present value as of December 31, 2001 are as follows:

Year	Amount
2002	\$ 1,895
Less: amount representing interest	<u>117</u>
Present value of minimum lease payments	<u>\$ 1,778</u>

**WEST MONROE – WEST QUACHITA CHAMBER OF COMMERCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2001**

The Chamber paid \$317 in interest on the capital lease during 2001.

Amortization of the equipment held under the capital lease is included in depreciation expense.

## SUPPLEMENTARY INFORMATION



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**REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**Board of Directors  
West Monroe – West Ouachita  
Chamber of Commerce, Inc.**

We have audited the financial statements of the **West Monroe-West Ouachita Chamber of Commerce, Inc.** (the Chamber) as of and for the year then ended December 31, 2001, and have issued our report thereon dated April 12, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and Louisiana Legislative Auditor.

**Compliance**

As part of obtaining reasonable assurance about whether the Chamber's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Chamber's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assistance on the internal control over the financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters over internal control that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements may occur and not be detected within a timely period by employees

**Board of Directors  
West Monroe – West Ouachita  
Chamber of Commerce, Inc.**

in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. We did, however, note a matter involving the internal control over financial reporting which we have reported to management of the Chamber in a separate letter dated April 12, 2002.

This report is intended for the information of management of the Chamber, other entities granting funds to the Chamber and the Legislative Auditor of the State of Louisiana and is not intended to be used and should not be used by anyone other than those specified parties.



(A Professional Accounting Corporation)

April 12, 2002

**WEST MONROE – WEST OUACHITA CHAMBER OF COMMERCE, INC.**  
**SUMMARY STATUS OF PRIOR YEAR FINDINGS**  
**DECEMBER 31, 2001**

**1. Fixed Assets**

***Findings:***

All Property, Plant and Equipment items with a cost of \$300 or more were not recorded in the proper asset accounts as they are acquired.

***Solution:***

During the year 2002 all Property, Plant and Equipment items are being recorded in the proper asset accounts.

**2. Note Payable**

***Findings:***

None of the payments made during the year on the Chamber's note payable were separated into principal and interest portions. Therefore, the amount actually owed on the note was different from the balance reported on the general ledger.

***Solution:***

All payments made on the note during the year 2001 were separated correctly into principal and interest components. The note was paid off in 2004.



**Luffey  
Huffman  
& Monroe**

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## **MANAGEMENT LETTER**

### **Board of Directors**

**West Monroe – West Quachita  
Chamber of Commerce, Inc.**

In planning and performing our audit of the primary government financial statements of the West Monroe – West Quachita Chamber of Commerce, Inc. (the Chamber) as of and for the year ended December 31, 2001, we considered its internal control structure in order to determine our auditing procedures for purposes of expressing our opinion on the primary government financial statements and not to provide assurance on the internal control structure or overall compliance with laws and regulations.

However, during our audit we became aware of a certain matter that is an opportunity for strengthening internal controls and the overall environment for compliance with laws and regulations. This letter will summarize our comments and suggestions regarding that matter. This letter does not affect our report dated April 12, 2002 on the primary government financial statements of the Chamber.

### **Findings**

None of the Fixed Assets purchased or donated during the year were capitalized in the general ledger.

### **Recommendation**

All Property, Plant, and Equipment items with a cost of \$300 or more should be recorded in the proper asset accounts as they are acquired which is consistent with the Chamber's stated capitalization policy. Those that are donated should be included in the minutes of the Executive Committee including the fair market value of each item as of the date of donation. All additions, whether purchased or donated, should be added to a Fixed Asset Listing that is kept current at all times and in enough detail that each item is identifiable so that they can be usage controlled and identifiable for insurance purposes in the event of loss.

### **Management's Corrective Action Plan**

We will implement the policy of recording Property, Plant, and Equipment items with a cost of over \$300. Those items donated will be included in the minutes of the Executive Meeting with a fair market value of each item at the date of donation. Those items will be added to a Fixed Asset Listing and listed in complete detail.

**(A Professional Accounting Corporation)**

**April 12, 2002**

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